

MINUTES OF THE MEETING  
OF THE BOARD OF DIRECTORS OF  
THE DEPARTMENT OF WATERWORKS

DATE: September 23, 2004

CALLED TO ORDER: 5:31 p.m.

MEETING ADJOURNED: 6:51 p.m.

ATTENDANCE

PRESENT MEMBERS

Beulah Coughenour, Chairperson  
Barbara Howard  
Dan DeMars  
S. Michael Hudson, Secretary-Treasurer  
Sam Odle

**AGENDA**

1. Approval of the Minutes of the Meeting of July 22, 2004-Beulah Coughenour, Chairperson
2. Financial Report- Robert Erney, Financial Manager.
3. Report of Veolia Water Indianapolis LLC-Tim Hewitt, President and Operations Manager.
4. Report of Director of Contracts and Operations-Carlton E. Curry, Director of Contracts and Operations.
5. Resolution No. 29, 2004-Approval of the Transfer of Character 3 Funds of the 2004 Budget to Character 4 Funds of the 2004 Budget-Robert Erney, Financial Manager.
6. Resolution No. 30, 2004- Approval of Capital Projects-Carlton E. Curry, Director of Contracts and Operations.
7. Resolution No. 31, 2004- Approval of Triton Schools Main Extension Agreement and Contribution in Aid of Capital- Carlton E. Curry, Director of Contracts and Operations.
8. Resolution No. 32, 2004- Approval of Consulting Agreement- Robert Erney, Financial Manager.

9. Resolution No. 33, 2004 – Authorization of Legal Action- Andrew I. Klineman, General Counsel.
10. “Business Outlook and Beyond” 2005 Capital Plan Presentation- Carlton E. Curry, Director of Contracts and Operations
11. Resolution No. 34, 2004 – Approval of Capital Plan- Carlton E. Curry, Director of Contracts and Operations.
12. Other Business

MINUTES OF THE MEETING  
OF THE BOARD OF DIRECTORS OF  
THE DEPARTMENT OF WATERWORKS

The meeting of the Board of Directors (the "Board") of the Department of Waterworks (the "Department") met on Thursday, September 23, 2004. Chairwoman Beulah Coughenour called the meeting to order at 5:31 p.m. with the following members present: Barbara Howard, Dan DeMars, Sam Odle, and S. Michael Hudson.

Approval of the Minutes of the Meeting of July 22, 2004  
Beulah Coughenour, Chairperson

Mr. Odle moved, seconded by Ms. Howard, to approve the July 22, 2004 Board minutes. The motion carried by a vote of 4 to 0. The minutes are attached as Exhibit A.

Financial Report  
Robert Erney, Financial Manager.

The Board was given a copy of Mr. Erney's financial report attached hereto as Exhibit B and incorporated herein by reference (the "Financial Report"). Mr. Erney referred to Page 1 of the Financial Report and pointed out that this report is for August 2004. In August 2004, the Department took in \$10.5 million. The total disbursements for the month of August were \$7.2 million, which gives the Department a net cash flow of \$3.3 million. Page 2 of the Financial Report shows total cash on hand of \$71,312,969. There was an increase in the aging accounts receivables. The bottom of Page 2 of the Financial Report was requested by a Board member. He said that this shows the comparison accounts receivable for residential, commercial, industrial, multi-family dwelling, public metered, and fire protection.

Mr. Odle asked what the process is for collecting the 90-day and over accounts. Mr. Erney replied that once the bills are 90 days old, they are then turned over to a collection agency.

Ms. Howard asked if these bills are charged off after they are 90 days old. Mr. Erney replied that after the bills are turned over to the collection agency and have been there 56 days, the Department will charge them off.

Mr. Erney referred to Page 3 of the Financial Report and pointed out that this is the MBE/WBE disbursements for August 2004. He said that for the month of August there was \$40,619 in disbursements for MBE's. Service connections for the month grew to 700. Page 4 of the Financial Report shows the collections for Indianapolis Water (IW), Harbour Water Company, Liberty Water Company, IW/Morgan Water, and Darlington Water. He said that the collections are paying off nicely. The top of Page 5 of the Financial Report depicts a water pumpage graph and the bottom of the page notes the receipts by month. Page 6 of the Financial Report notes the capital budget cash flow. He said there are 28 projects authorized with six change orders pending. Page 7 of the Financial Report shows the 2004 bond capital budget, with 43 projects authorized.

Mr. Erney referred to Page 8 of the Financial Report noting it sets forth a list of the 2004A bond projects. He stated that to date, the Department has spent \$6.1 million on the bond projects. Page 9 of the Financial Report shows consulting services in a graph.

Report of Veolia Water Indianapolis LLC.  
Tim Hewitt, President and Operations Manager.

The Board was given a copy of Mr. Hewitt's Veolia report attached hereto as Exhibit C and incorporated herein by reference (the "Veolia Report").

Mr. Hewitt read the executive summary of the Veolia Report. He said that normal weather patterns and seasonal rainfalls in August resulted in normal summer flow patterns in the river supplies. Weekly reviews of reservoir taste and odor compounds in August detected an algae bloom in Eagle Creek Reservoir which had the potential of generating algal toxins. Subsequent investigations concluded that the algal toxins were not present and were susceptible to the Thomas W. Moses Plant (TWM) conventional water treatment. There were no Cutrine applications at the reservoirs in August. He mentioned that in July there was one Cutrine application at Geist Reservoir that took place on July 16.

Mr. Hewitt noted that the past month had been unusually dry and the lack of rainfall has impacted our source water in the upper White River water basin/watershed. The decision to open the outlet valves at Geist or Morse is a daily decision based primarily, but not totally, on river flow. Morse is used to supplement the flow of water into White River which feeds two treatment facilities: the White River Plant and the White River North Plant. The White River Plant is the largest treatment facility and produces the majority of our water, consequently Morse water has been needed to supplement water to these treatment plants. While Veolia empathizes with the recreation issues, Geist and Morse were constructed to provide supplemental water flow into the water system.

Significant weed growth in the canal impeded flow to the White River plant during August, causing some flow restrictions at the plant and significant overtime during the month to combat the problem areas. Capital projects and summer plant operations and maintenance highlighted August activities at all plants.

Mr. Hewitt stated that pumpage volumes for the month were slightly less than those in 2003. The IW Central System pumpage for the month was 4,941 million gallons (MG), which was 4.2% less than in August 2003. The average daily IW Central System pumpage for the month was 159.4 million gallons per day (MGD). The IW Total System pumpage for the month was 5,023 MG. The IW Central System volume pumped for 2004 totaled 34,259 MG while the IW Total System volume pumpage for 2004 was 34,812. The number of repairs for the month of August totaled 114 with 80 being service repairs and 34 being main repairs. There were approximately 1,170 customers affected during the month of August 2004. In August 2003, there were 105 repairs.

Mr. Hewitt pointed out that the Procurement Department purchased \$5,293,958.78 of goods and services for the month of August. In August, \$1,983,490.45 was purchased from MBE's

(Minority-owned Business Enterprises) and \$235,583.45 from WBE's (Women-owned Business Enterprises) for a total of 42% MBE/WBE expenditure. For the month of August, 94% was purchased locally. In the area of safety, Veolia achieved a lost time ratio of 0.00 versus a goal of 0.64 and a recordable of 5.42 versus a goal of 6.28. For the year, Veolia stands at 1.26 for the lost time ratio and 6.96 for the recordable. The Call Center performance continues to show improvement due to continued utilization of the Collections and Billing Department personnel backing up on the phones as needed. The answer rate for the month was 87.1% and the abandoned rate was 1.2%. Since January 1, 2004, the cumulative answer rate is 79.5% and the abandoned rate is 2.8%. The 2004 incentive criteria for these are 82% and 5%.

Mr. Hewitt introduced Alyson Willans, Director of Production for Veolia. He said that Ms. Willans has been with Veolia since 2002. Prior to joining Veolia, Ms. Willans served as group quality assurance manager for Veolia Water United Kingdom. She has over 20 years of water quality experience.

Report of Director of Contracts and Operations  
Carlton E. Curry, Director of Contracts and Operations.

The Board was given a copy of Mr. Curry's report attached hereto as Exhibit D and incorporated herein by reference (the "September 2004 Director's Report").

Mr. Curry read his September 2004 Director's Report. On September 21, the Service Advisory Board (SAB) was briefed for the recommended 2005 capital plan. There were no objections voiced from the well-attended meeting to prevent the IW Board from acting upon the Capital Project Resolution included in the Board's meeting agenda. Bids were reviewed for legal and engineering consultants to the SAB. There was one bid from a law firm and multiple engineering firm bids. The Darlington Fire Department has again asked IW to take over maintenance of the fire hydrants owned by the Darlington Fire Department (DFD). IW staff consulted with Veolia regarding this matter. No recommendation has yet been formulated.

Mr. Curry stated that the algal sub-group of the Technical Advisory Group met and discussed several items. Among these were concerns about plant growth in the canal that is inhibiting water flow to the largest IW treatment plant at White River, water shed protection, projected programs that might be conducted by Veolia and some Veolia projections concerning water sheds. The next Citizen's Action Group meeting is scheduled for October 19, 2004. The Indiana Underground Plant Projection Services (IUPPS) Board has scheduled a planning retreat for October 5 and 6, 2004. The legislative committee continues to develop material that may be offered to the General Assembly for consideration during the 2005 session. Veolia is reviewing the various proposal elements to determine any probable effects for their business segment of the family of utilities.

Mr. Curry explained that he noted earlier that the proposed five-year capital plan was presented to the SAB. The presentation for this recommendation is included in the Board's meeting agenda. Negotiations with Carmel for the identification and sale of certain IW assets have been extended beyond the 45-day allowable time frame (May 20, 2004). Negotiations have now reached a critical stage due to unrelated actions taken by the City of Carmel's Public Works and

Safety Board. Certain access permit requests necessary for the construction of the River Road bond project were tabled indefinitely. Absent good faith actions by Carmel city representatives, negotiations now appear to be at an impasse. Therefore, outside counsel for the Department filed a complaint with the Marion County Superior Court essentially asking that IW be relieved from any obligations to continue negotiations concerning this matter with the City of Carmel.

Mr. Curry pointed out that the legal aspects for proposing a sale of Liberty Water continue. The proposed sale documents are under review by Plainfield's counsel. As a reminder, both City County Council and Plainfield Town Council approval is also required for this transaction to be completed. He said that a Masthead resident at Geist published a newsletter indicating that a portion of a greenway was in jeopardy. The resident wrote that everyone was surprised by a 'plat' showing "a vastly expanded well water treatment facility" being located on IW property. The IW Board knows that both individual Board members and staff have been (and continue to work) working with the Department of Parks and Recreation (DPR) to find the best means to accommodate a greenway connection at Geist. In any event, construction preparation has commenced for certain portions of this \$10.4 million bond project to double the treatment capacity of the existing treatment plant. Everyone will recall that this project was, among others totaling \$50 million, heard at two public hearings before the IW Board; a hearing before the City County Council Committee of Public Works prior to passage by the full Council at a public meeting; tabled for more information at a public hearing of the Indianapolis Bond Bank Board and subsequently heard and passed upon by this body at a public meeting. All legal notices were timely sent to abutting property owners. Courtesy notices were sent to other adjacent property owners – but admittedly – could have been sent sooner. Finally, a complaint was raised about improved fencing. This location at Geist is now an active construction site. Adequate fencing is required for safety as well as mitigation toward theft. A later meeting with some IW staff and the DPR (attended by Director Joe Wynns) arrived at another routing to be considered for a trail connection. More coordination with VWI engineering is necessary. Assuming that all is well with the suggested location; a plan for funding, maintenance and general access by the interested parties needs to be prepared for both the IW Board and the DPR Board to approve.

Mr. Curry stated that the Triton School main extension construction has commenced. A few thousand feet of pipe has been laid. A public meeting was held at the Moral Township Fire Station to explain the project and take questions from interested citizens and Shelby County Officials. (All three County Commissioners attended.) The meeting was deemed appropriate by the attendees. IW staff addressed the Shelby County Commissioners regularly scheduled public meeting on September 13. Our time before the Commissioners extended over one and a half hours. The discussion centered on who IW is, what they could/should do in Shelby County, how we might enter into an Inter-Governmental Agreement, and more. At the conclusion of the meeting, IW was thanked for its excellent communications. As an aside, a staff member is now a member of the Shelby County Comprehensive Planning Group. He said that staff continues to discuss water delivery and coordination matters with Lawrence Utilities LLC. Lawrence Utilities would like more information concerning the new wells planned for the area south of 79<sup>th</sup> Street (near Geist Reservoir).

Mr. Hudson inquired as to whether the Triton Schools main extension was being completed with a contribution of in aid of capital from the Triton Schools. Mr. Curry confirmed that a

contribution in aid of capital was to be made by the Triton Schools and the Triton main will be a good investment for the Department.

Mr. Odle asked whether the project will be completed. Mr. Curry noted the main is scheduled to be completed in June of 2005 and this should help meet our bond expenditure schedule.

Mr. Odle inquired about the public meetings and whether the public meetings were a response to concerns about the projects. Mr. Curry noted that the meetings were not in response to any particular concern. The project has moved quickly, however, there have been three meetings one involving the Triton Schools School Board, an informational meeting involving affected neighbors and the Shelby Board of County Commissioners.

Resolution No. 29, 2004 –Approval of the Transfer of Character 3 Funds of the 2004 Budget to  
Character 4 Funds of the 2004 Budget  
Robert Erney, Financial Manager.

Mr. Erney explained that Resolution No. 29, 2004 approves a transfer of Character 03 budget funds to Character 04 funds of the 2004 budget.

Mr. Odle moved, seconded by Ms. Howard, to approve Resolution No. 29, 2004. The motion carried by a vote of 4 to 0.

Resolution No. 30, 2004 – Approval of Capital Projects  
Carlton E. Curry, Director of Contracts and Operations

Mr. Curry stated that Resolution No. 30, 2004 is for 16 projects, 10 are bond projects and six are supplemental capital appropriations. He read each project to the Board. They are as follows:

<u>PROJECT</u>	<u>COST</u>
Naab Road	\$139,500
Moore Road	302,700
79 <sup>th</sup> & Michigan Road (Lafayette Booster Main)	111,000
CR300 – Michigan Road to CR 875E	1,683,000
CR 875E – CR 300S to CR 350S	257,000
Union Chapel Road – 80 <sup>th</sup> Street to Union Chapel	258,465
SR 38 @ Harbour Water	49,327
US Highway 40 Reinforcement Main	543,514
Thompson Road Reinforcement Main	75,059
Fall Creek over Geist	569,500
Easements	250,000 (Amended to \$288,000)
Spurs and Dry Mains for First Quarter 2004	50,000 (Amended to \$70,000)
Main Relocations for First Quarter 2004	3,690,000 (Amended to \$5,290,000)
Main Replacements for First Quarter 2004	1,500,000 (Amended to \$1,550,000)
Reinforcement Main Installations for First Quarter 2004	1,400,000 (Amended to \$1,800,000)
New Water Main Installation Projects	524,000 (Amended to \$924,000)

Ms. Howard moved, seconded by Mr. DeMars to approve Resolution No. 30, 2004. The motion carried by a vote of 4 to 0.

Resolution No. 31, 2004 – Approval of Triton Schools Main Extension Agreement and  
Contribution in Aid of Capital  
Carlton E. Curry, Director of Contracts and Operations

Mr. Curry explained that the effect of Resolution No. 31, 2004 is to confirm the capital program that was approved in 2003 to extend a main to Triton Schools. This resolution allows the Department to accept a payment from Triton School toward the cost of the main. He recommended that the Board approve the resolution.

Mr. Odle moved, seconded by Ms. Howard, to approve Resolution No. 31, 2004. The motion carried by a vote of 4 to 0.

Resolution No. 32, 2004 – Approval of Consulting Agreement  
Robert Erney, Financial Manager

Mr. Erney stated that Resolution No. 32, 2004 asks for the Board's approval to engage Crawford, Murphy & Tilly, Inc. for the purposes of providing various services related to the preparation, review and analysis of information relevant to the Indianapolis Water rate design.

Mr. Hudson noted to the public who may be watching on Cable Channel 16 that this is no way would be an increase to the rate payers in Marion County. Mr. Erney concurred with Mr. Hudson.

Mr. Odle moved, seconded by Ms. Howard, to approve Resolution No. 32, 2004. The motion carried by a vote 4 to 0.

Resolution No. 33, 2004 – Authorization of Legal Action  
Andrew I. Klineman, General Counsel

Mr. Klineman explained that on November 26, 2001 the City of Indianapolis entered into an Asset Purchase Agreement with NiSource, Inc. for the purchase of all the water utility assets of Indianapolis Water Company ("IWC"). Following the execution of the November 26, 2001 agreement, Indianapolis petitioned the Indiana Utility Regulatory Commission ("IURC") for approval. Some of the Indianapolis Water Company assets to be conveyed to Indianapolis and the Department of Waterworks under the agreement were located in the City of Carmel and in an unincorporated area of Clay Township in Hamilton County, adjacent to Carmel. Carmel informed the City of Indianapolis at that time that it desired to own those assets itself in order to facilitate its efforts to annex that portion of Clay Township into Carmel. Indianapolis and the Department of Waterworks initially refused Carmel's demand and Carmel responded by intervening into the IURC proceeding.



Mr. Klineman stated that Indianapolis and the Department of Waterworks realized that Carmel could appeal the IURC ruling approving the sale to the Indiana Court of Appeals. In a situation like that, the IWC assets could not possibly be completed by April 30, 2002 deadline and they would lose their ability to purchase the IWC assets. At that point, Indianapolis and the Department of Waterworks signed the March 15, 2002 document. Once Indianapolis and the Department of Waterworks signed the Carmel agreement, Carmel withdrew its objection to the IURC approval. The Carmel Agreement did not specify the price of which Carmel would purchase from Indianapolis and the Department of Waterworks that portion of the IWC assets that were located in Carmel and Clay Township.

Mr. Klineman pointed out that the Carmel Agreement provided that Carmel, Indianapolis and the Department of Waterworks would negotiate a final purchase price in good faith and once the agreement for a purchase price had been reached, the parties would negotiate and enter into a definitive agreement. In early 2004, the parties began negotiations in an attempt to arrive at a purchase price for the Carmel, Clay Township assets. After several months of negotiations, the parties had not yet reached an agreement on the purchase price of the Carmel and Clay Township assets and Carmel informed Indianapolis and the Department of Waterworks that it would not grant an unrelated pending request for a right-of-way permit made by Veolia Water Indianapolis. The right-of-way permit is vitally important to the operation of Indianapolis and the Department of Waterworks' water utility. The Department of Waterworks notified Carmel both orally and in writing that Carmel's attempt to tie the negotiations of the purchase price of the Carmel/Clay Township assets to matters wholly unrelated to the value of those assets constituted a breach of the provision in the Carmel Agreement that required the parties to negotiate a final purchase price in good faith.

Mr. Klineman noted that the resolution before the Board challenges the actions of Carmel as it relates to the breach of the Carmel Agreement and also challenges the enforceability of the Carmel Agreement. Mr. Klineman believes it appropriate for the Department of Waterworks to seek a judgment declaring Carmel in breach of its obligation to negotiate in good faith and to ask the Court to declare the Carmel Agreement unenforceable, null, and void due to its lack of necessary elements and essential terms of the contract. If the Board approves the resolution they would be stating that they believe it is in the best interest of the Department of Waterworks and also the communities and individuals it serves to seek the declaratory judgment.

Ms. Howard moved, seconded by Mr. DeMars, to approve Resolution No. 33, 2004. The motion carried by a vote of 4 to 0.

Resolution No. 34, 2004 – Approval of Capital Plan  
Carlton E. Curry, Director of Contracts and Operations

“Business Outlook and Beyond” 2005 Capital Plan Presentation  
Carlton E. Curry, Director of Contracts and Operations

The Board members were given a copy of 2005 Capital Plan attached hereto as Exhibit E and incorporated herein by reference (the “2005 Capital Plan”).

Mr. Curry noted that the 2005 Capital Plan discusses the following: service area, projected needs, funding, categories, asset distribution, and the 2005 capital project recommendation to the Board. Page 3 of the 2005 Capital Plan evidences water service areas in Central Indiana. Page 4 of the 2005 Capital Plan notes Indianapolis Water's historical water production. Page 5 of the 2005 Capital Plan notes the projections of the average water usage for Marion County and townships in surrounding counties served by Indianapolis Water. Page 6 of the 2005 Capital Plan compares the projections of capacity verses the average usage. Page 7 of the 2005 Capital Plan sets forth the projected maximum day water usage compared to maximum capacity. Page 8 of the 2005 Capital Plan note supply and treatment challenges. They are as follows:

- Insufficient Rate Treatment Capacity to Meet Peak Demand Conditions
- Lack of Dependable Supply and Treatment Capacity to Meet Long-Term Demand  
2010 – Projects maximum day 49.2 million gallons per day (MGD) deficit  
2020 – Projected maximum day 66.8 MGD deficit
- Lack of Sufficient Potable Water Storage  
2010 – Projected 22.44 MGD deficit  
2020 – Projected 24.28 MGD deficit

Mr. Curry explained Pages 9 and 10 of the 2005 Capital Plan which described the investment categories (GRITS). They are as follows:

- Growth (G) = meet current shortfalls or anticipated customer needs  
Redundancy  
Consistent service delivery
- Regulation (R) = contractual/regulatory requirements  
Federal (i.e. EPA)  
State (i.e. IDEM)  
Local
- Infrastructure (I) = replacement  
Useful life  
Deterioration
- Technology (T) = service delivery to customers  
Consistent flow/pressure  
Reliability
- Safety/Security (S) = compliance  
Workplace safety  
System security

Mr. Curry pointed out that Page 11 of the 2005 Capital Plan sets forth the recommended 2005 capital plan. The capital plan set forth on Page 11 represents the cash portion of the DOW's proposed capital plan for 2005. He said that DOW will have approximately \$17.3 million to go toward capital projects. There are \$50.2 million that was requested by Veolia Water Indianapolis (VWI). He said that Veolia has requested that the infrastructure would be \$33.2 million; technology is \$1.7 million; safety/security is \$3 million; growth is \$10.2 million; and regulation is \$2.1 million. Page 12 of the 2005 Capital Plan compares the 2004 versus 2005 recommendations.

Mr. Curry stated that Pages 13 through 16 of the 2005 Capital Plan notes the 2005 recommended projects. They are in numerical order and not grouped by place. He said that most of the White River projects deal with regulatory issues. Pages 17 through 18 of the 2005 Capital Plan note the reinforcement main projects. Page 19 of the Capital Plan notes the replacement main projects. Page 21 of the 2005 Capital Plan compares 2004 and 2005 recommended investment categories. The total capital work for 2004 is approximately \$35.2 million and the 2005 recommended is \$38.9 million. Page 22 of the 2005 Capital Plan sets forth the asset distribution by county for 2004 and 2005. Page 23 of the 2005 Capital Plan notes the history of the capital budget. Page 24 of the 2005 Capital sets forth the 5-year funding including a new \$35 million bond. It is very likely that DOW will be asking the Board to consider a new bond, but he is unsure how much the bond would be.

Mr. Curry explained that Page 25 of the 2005 Capital Plan is the budgeting schedule. He said that June 1, 2004 VWI delivered five-year plan to the Department, VWI and the Department discussed and evaluated proposed projects. The Department staff reviewed presentation material with VWI. In August 2004, the Department staff presented the capital plan overview to VWI, SAB, and to the Board. In August the Department staff received and incorporated appropriate VWI, SAB, and Board suggestions. In August the Department staff reviewed the revised presentation with VWI and SAB.

On October 28, 2004 the Board will consider and adopt (or amend and adopt) the Department's 2005 capital plan. On November 18, 2004, the Board will consider the Department's 2005 budget including approved capital funds. On December 16, 2004, VWI prepares capital project authorizations (CPA's) and the Board approves projects commencing in 2005. On January 1, 2005, The Department will commence authorized 2005 capital program activity.

Mr. Hudson asked if Mr. Curry charts reflect both growth of service area and growth of sources. Mr. Curry replied that there is very modest growth of sources in two places in the program that adds water to the system. For example, the South Well field, US Filter and Indianapolis Water projected that to develop the Well field in lay the lines necessary to the South Well field plant, the estimate was \$56.4 million.

Mr. Odle asked if Resolution No. 34, 2004, needs to be approved at this meeting. Mr. Curry replied the Board could approve the resolution at their next meeting on October 28, 2004. Mr. Odle explained that there are two members of the Board that are not in attendance and believes that the Board should wait until their next meeting.

Mr. Odle pointed out that he has always known that the Board and Department would have long-term debt. Mr. Curry responded that the Department sold more bonds initially than what was really needed for cash early on. He added that the Department believed that they would need the funds sooner than was actually appropriated.

Ms. Coughenour explained that when the water assets were purchased by the City of Indianapolis, she believes that the Department determined that a 30% rate increase would happen in 2002. Mr. Curry replied that he believes that the discussion was for a 32% rate increase.

Mr. Odle moved, seconded by Ms. Howard, to postpone Resolution No. 34, 2004, until the Board's meeting on Thursday, October 28, 2004. The motion carried by a vote of 4 to 0.

CONCLUSION

With no further business pending, the Board of Directors of The Department of Waterworks meeting adjourned at 6:51 p.m.

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Beulah Coughenour, Chairwoman

Attest:

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S. Michael Hudson,  
Secretary-Treasurer



Serving Central Indiana

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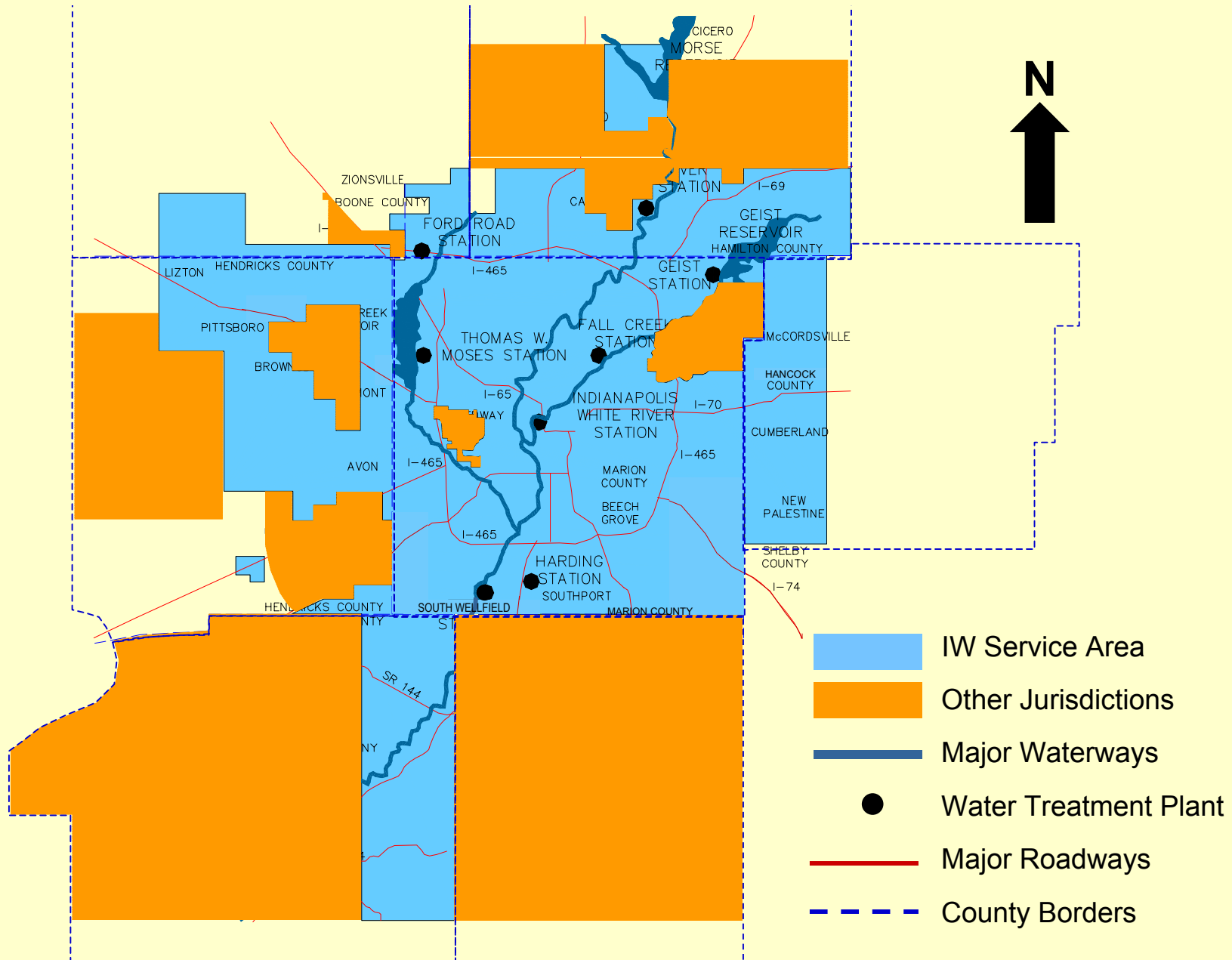
## Business Outlook 2005 and Beyond

# Presentation Index

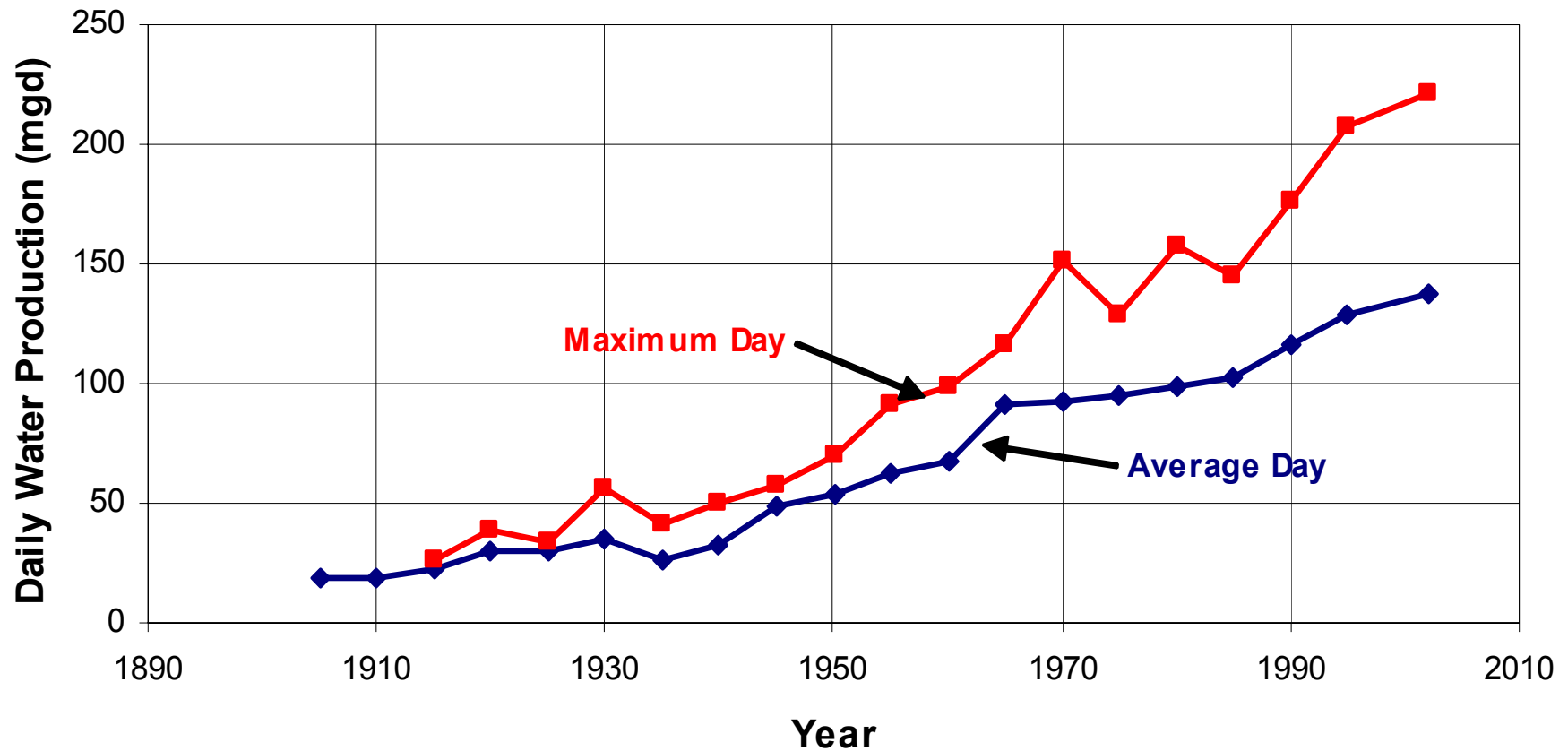
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- Service area
- Projected needs
- Funding
- Categories
- Asset distribution
- Recommendation

# Central Indiana Water Service



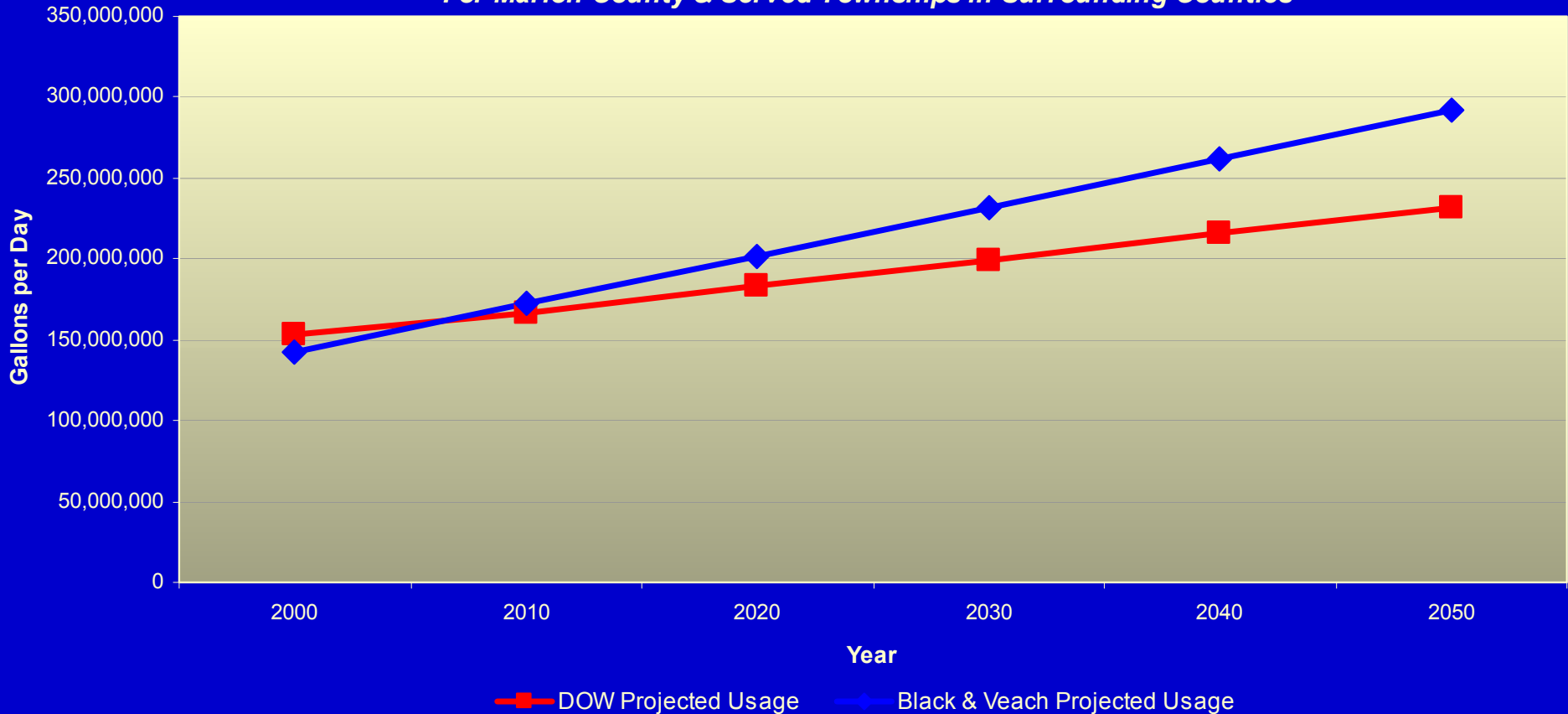
# IW Historical Water Production





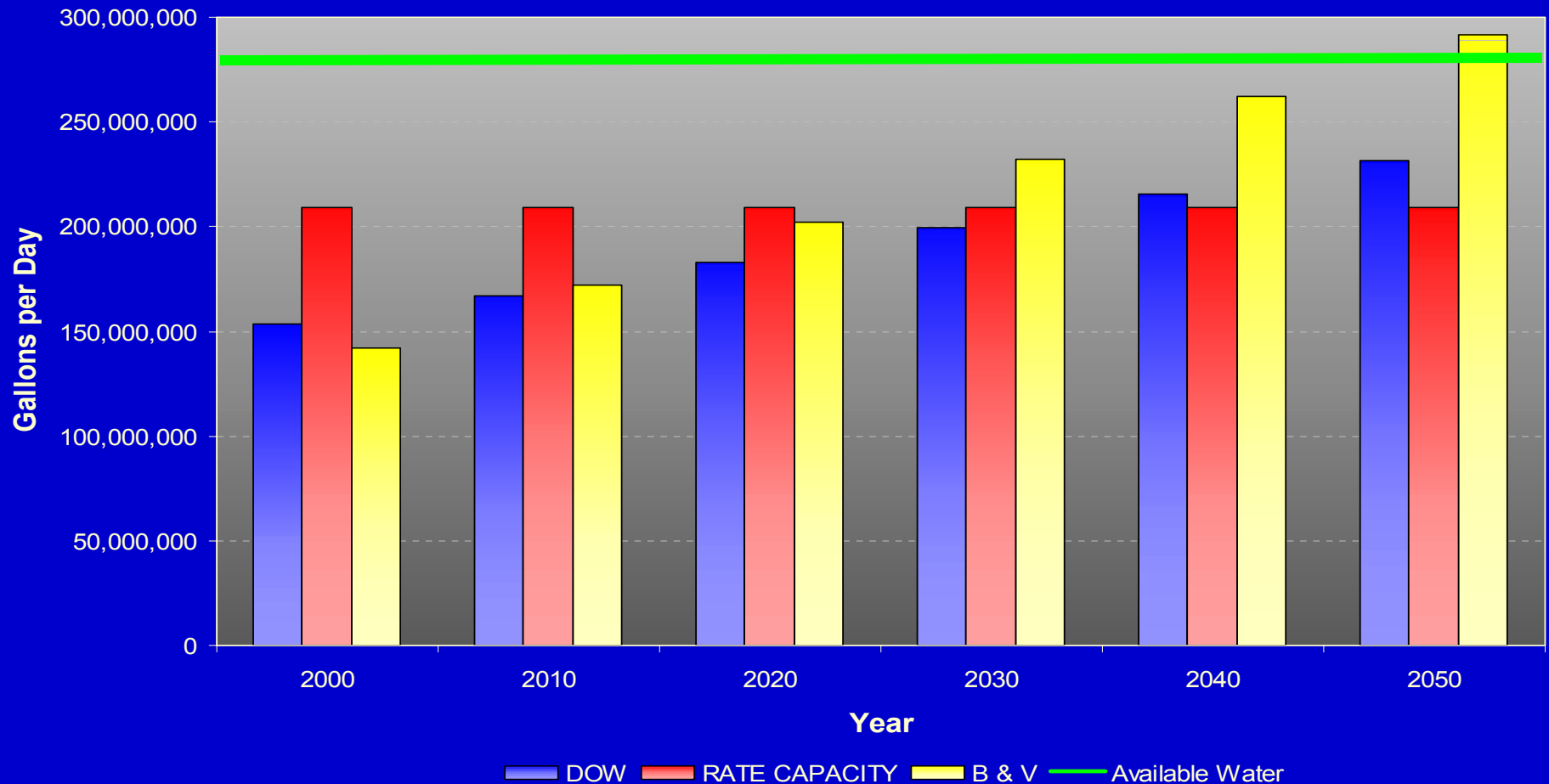
# Projections: Average Water Usage

**Projected Total Average Water Usage**  
*For Marion County & Served Townships in Surrounding Counties*

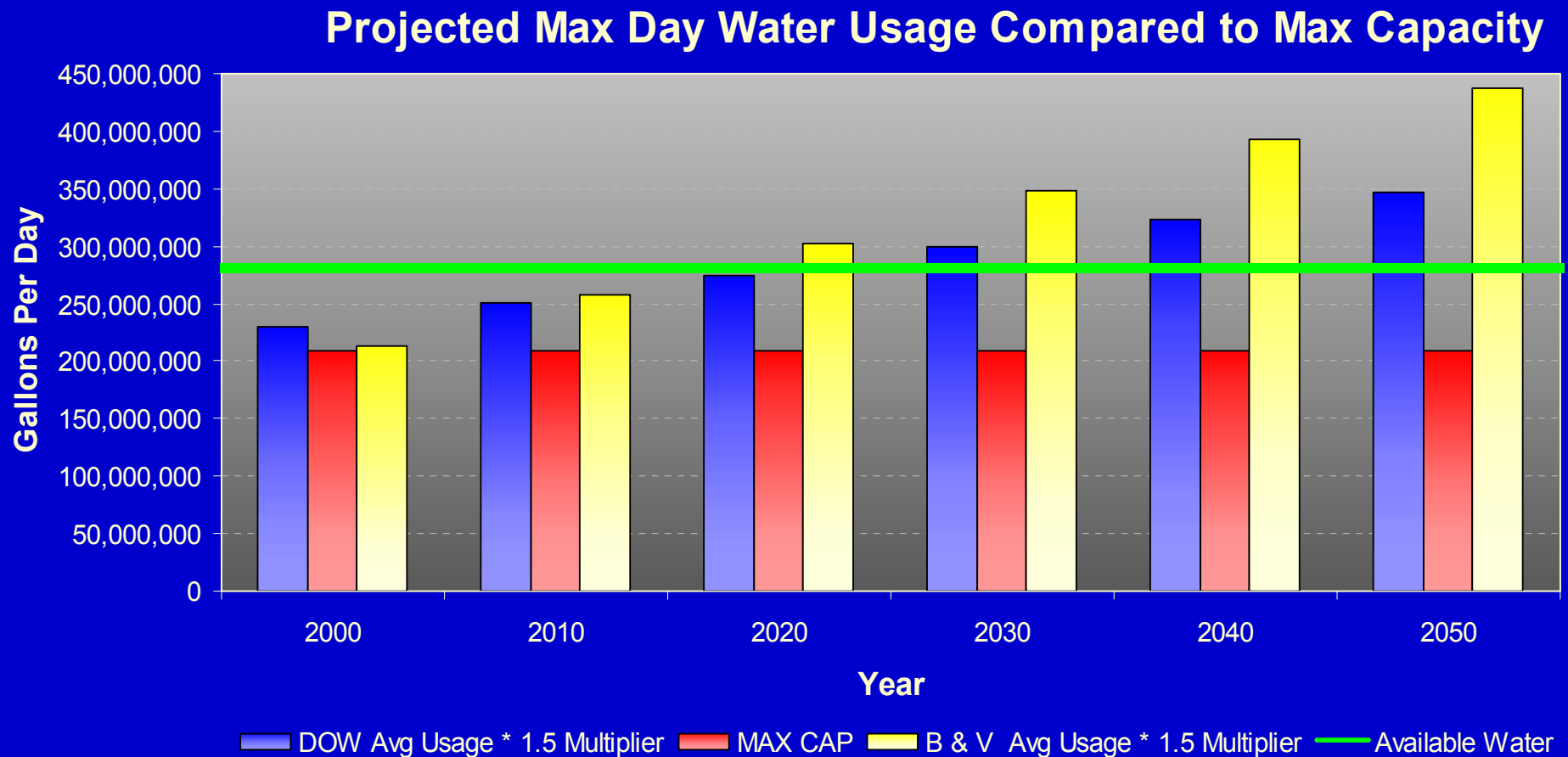


# Projections: Capacity vs. Average Usage

**2000 Capacity & Total Projected Average Water Usage  
For Marion County & Served Townships in Surrounding Counties**



# Projections: Capacity vs. Max Day Usage



# Supply & Treatment Challenges

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- Insufficient Rated Treatment Capacity to Meet Peak Demand Conditions
- Lack of Dependable Supply & Treatment Capacity to Meet Long-Term Demand
  - 2010 – Projected Max Day 49.2 MGD Deficit
  - 2020 – Projected Max Day 66.8 MGD Deficit
- Lack of Sufficient Potable Water Storage
  - 2010 – Projected 22.44 MGD Deficit
  - 2020 – Projected 24.28 MGD Deficit

# Investment Categories (GRITS)

- **Growth (G)** = meet current shortfalls or anticipated customer needs
  - Redundancy
  - Consistent service delivery
- **Regulation (R)** = contractual/regulatory requirements
  - Federal (i.e. EPA)
  - State (i.e. IDEM)
  - Local
- **Infrastructure (I)** = replacement
  - Useful life
  - Deterioration

# Investment Categories (GRITS)

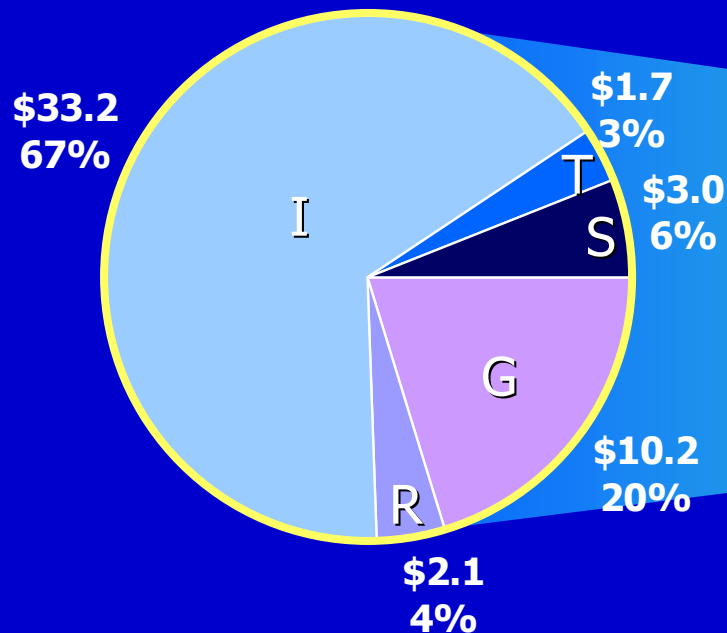
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- **Technology (T)** = service delivery to customers
  - Consistent flow/pressure
  - Reliability
- **Safety/Security (S)** = compliance
  - Workplace safety
  - System security

# Investment Categories (GRITS)

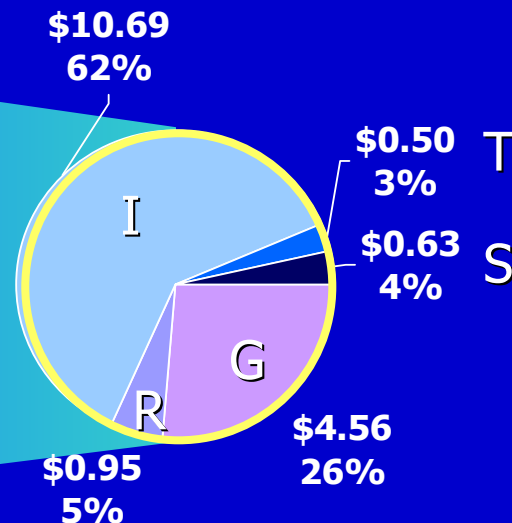
## 2005 Recommended

### VWI 2005 Plan Proposed



Total = \$50.2M

### IW Staff 2005 Recommended



Total = \$17.3M

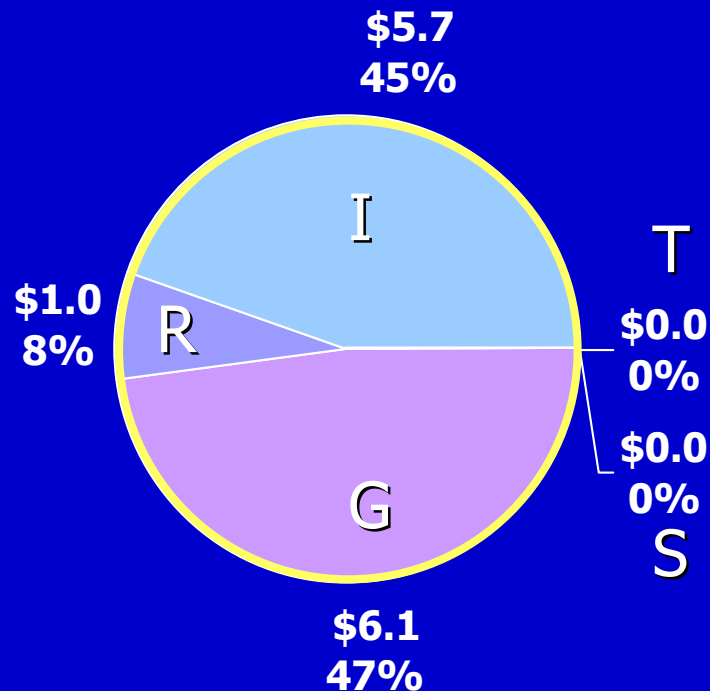
- Growth
- Regulatory
- Infrastructure
- Technology
- Safety/Security

Figures presented in  
millions of dollars

# Investment Categories (GRITS)

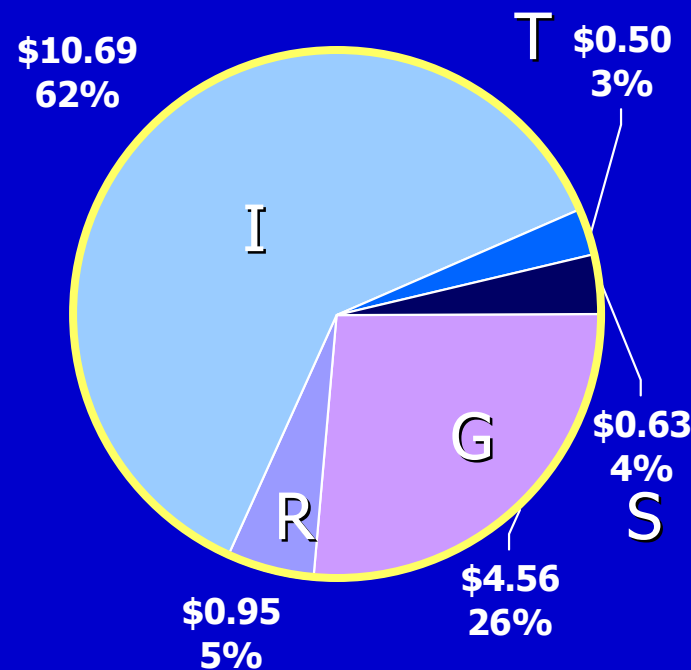
## 2004 vs. 2005 Recommended

2004



Total = \$12.8 M

2005 Recommended



Total = \$17.3M

- Growth
- Regulatory
- Infrastructure
- Technology
- Safety/Security

Figures presented in millions of dollars



# 2005 Recommended Projects

Project #	Project Name	Cost (\$M)
CP05-101	Replace Concrete Steps	\$0.018
CP05-113	FCPP Alum Tank Liner	\$0.040
CP05-117A	WR Intake Station Concrete Refurbishment	\$0.106
CP05-117C	White River Intake Canal Dredging*	\$0.091
CP05-117E	WR Intake-Traveling Screen Automatic Wash System	\$0.024
CP05-117M	WR Rapid Open Mix Upgrade	\$0.766
CP05-117N	WR Rapid Mix Slide Gate Replacements	\$0.076
CP05-117O	WR Rapid Mix 4&5 Sluice Gate Operator Replacement	\$0.047
CP05-117Q	WR Open Basin Flocculator Upgrade	\$0.086
CP05-117R	WR Open Basin Flow Capacity	\$0.325
CP05-124B	Install air scour system on rehabbed filters	\$0.155
DP05-135	RS 1" Surface on Asphalt Drive	\$0.054
CP05-137	FR Hypochlorite Tank Reline	\$0.015
CP05-139	Fall Creek-Wash Water Pumps Priming System	\$0.027
CP05-143	SWF Heat Pump Replacement	\$0.052
CP05-150	Additional Water in Avon District	\$0.216

\* O&M as determined by IW

# 2005 Recommended Projects

Project #	Project Name	Cost (\$M)
CP05-151	Lafayette District-Additional Water	\$0.900
CP05-152A	GO Hot & Return Water Piping Replacement	\$0.040
CP05-152C	GO Boiler Upgrade	\$0.079
DP05-152F	GO 1" Surface on Asphalt Drive	\$0.100
CP05-155	Bleeder Valves	\$0.210
CP05-157O	RS Replacement of Roof & Damaged Ceiling Tile	\$0.143
CP05-158A	Morse Reservoir Dam Lighting	\$0.106
CP05-158B	Morse Reservoir Pole Bar Replacement	\$0.004
CP05-158C	Morse Reservoir Fencing Upgrade	\$0.019
CP05-158D	Install Security Camera at Morse Reservoir-View from CCS	\$0.100
CP05-158E	Geist Reservoir Dam Lighting	\$0.109
CP05-158F	Geist Reservoir Pole Bar Replacement	\$0.007
CP05-158G	Geist Reservoir Fencing Upgrade	\$0.072
CP05-158H	Geist Reservoir Fencing Along FC Road	\$0.010
CP05-158I	Install Security Camera at Geist Reservoir-View from CCS	\$0.117
CP05-158Y	Install safety system for access to ceiling & lights at Riverside	\$0.025

# 2005 Recommended Projects

Project #	Project Name	Cost (\$M)
CP05-165A	Redundant Communications	\$0.030
CP05-165B	Infrastructure Upgrade	\$0.082
CP05-165C	Option 11C Phone Switch	\$0.059
CP05-165F	SCADA Communications Upgrade	\$0.331
CP05-168	Filter Redesign	\$0.225
CP05-169	Reservoir & Tower Refurbishment	\$0.090
CP05-170	Plant Refurbishment	\$0.360
CP05-171	FCPP Asbestos & Lead Paint Removal for Main Projects	\$0.010
CP05-172	WR Residuals	\$0.107
CP05-303C	Underground Projects-Infrastructure	\$6.670
	-Reinforcement Mains (B-Jobs)	
	-Replacement Mains (C-Jobs)	
	-Relocations (E & F Jobs)	
	-Hydrants (I-Jobs)	
	-Laydown Valve Replacements	

# 2005 Recommended Projects

Project #	Project Name	Cost (\$M)
CP05-304D	Underground Projects-Growth	\$4.300
	-Main Extensions (D-Jobs)	
	-Spurs & Dry Mains (G-Jobs)	
	-Area Rate Projects (L-Jobs)	
	-Easement Acquisition	
<b>TOTAL*</b>		<b>\$17.345</b>

\* Includes \$1,000,000 contingency

# Reinforcement Mains

## (CP05-302B)

1/2

Project Name	Cost
Raymond Street	\$125,611
US 36 & Shilo Crossing	\$51,954
Raymond St. From Tibbs to Kentucky	\$503,401
Georgetown Rd. N 52nd St.	\$21,503
52nd St from Lafayette Rd to Moller Rd	\$35,702
Moore RD from 86th ST. to E.O.E.M. north	\$234,569
Southport Rd from Shelby to Buckridge Dr	\$155,552
McFarland Rd from Southport to Tulip	\$72,308
Thompson Rd from Shelby to Manker	\$36,648
Meridian St. from Sumner to EOEM S. Sumner	\$91,844

# Reinforcement Mains

## (CP05-302B)

Project Name	Cost
Meridian St. from Hanna to National	\$68,210
Ditch Rd-Northbrook Drive to Sandi Drive	\$123,458
Keystone Werges to Bacon	\$101,068
Southport Rd from Arlington to Combs	\$333,639
Union Chapel Rd -80th Street	\$133,232
Naab Rd South from 86th St. to E.O.E.M.	\$145,694
River Road Alt 2 (River Crossing Parkway)	\$106,846
S. County Line Rd from Stonegate to Mayswood	\$163,414
S. County Line Rd from Shelby St. to Buffalo Run	\$224,120
<b>TOTAL</b>	<b>\$2,728,774</b>

# Replacement Mains (CP05-303C)

Project Name	Cost
Oxford Street from 34th to 37th Street	\$256,418
Parker from 34th St to 3725 N.	\$284,322
36th Stret from Lasalle to 1st Alley W.	\$51,306
Chester from 34th St to 38th Street	\$339,224
Grany Avenue-35th to 38th	\$265,187
38th Street-Sherman to Forest Manor	\$124,517
Bancroft-34th to 38th	\$355,194
Euclid-35th to 38th	\$276,448
Colorado-36th to 38th	\$212,397
Gladstone-35th to 38th	\$273,258
Patrick Dr-4317 Patrick to 3120 Midvale	\$194,064
Glen Arm Rd-Washington to a pt 200ft north	\$31,252
<b>TOTAL</b>	<b>\$2,663,587</b>

# Capital Budget

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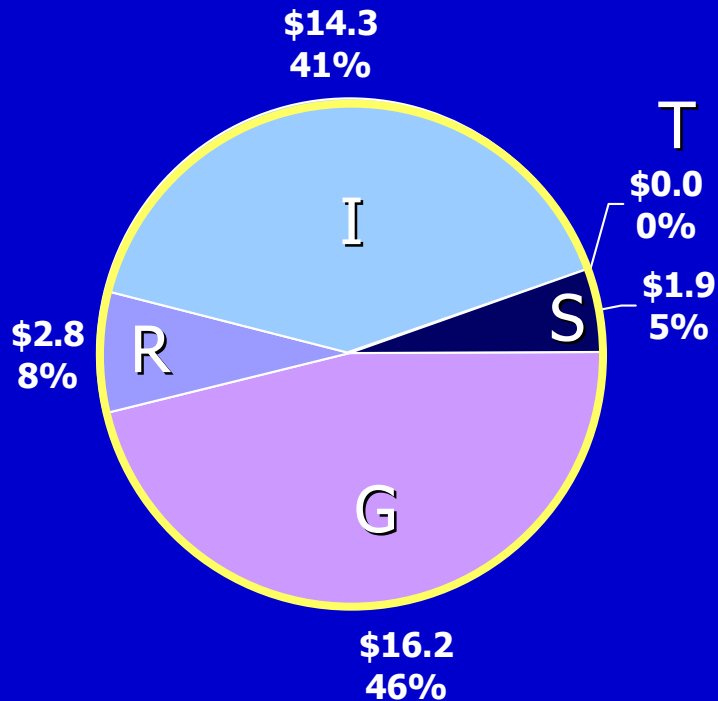
- Funding Sources
  - Cash
  - Bonds



# Investment Categories (GRITS)

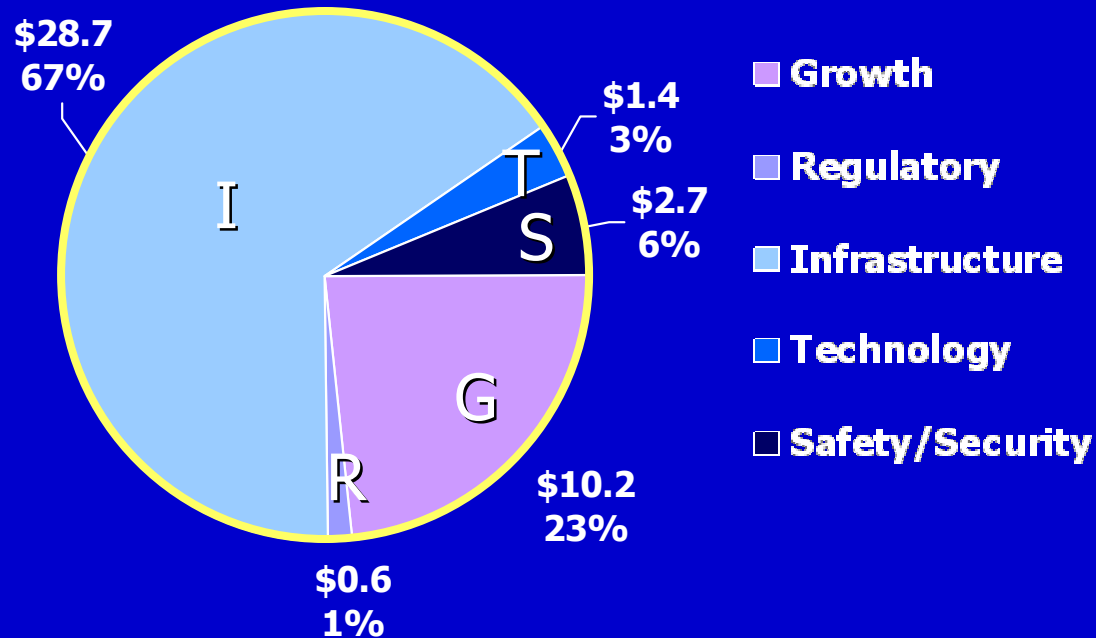
## 2004 vs. 2005 Recommended

2004



Total = \$35.2 M

2005 Recommended



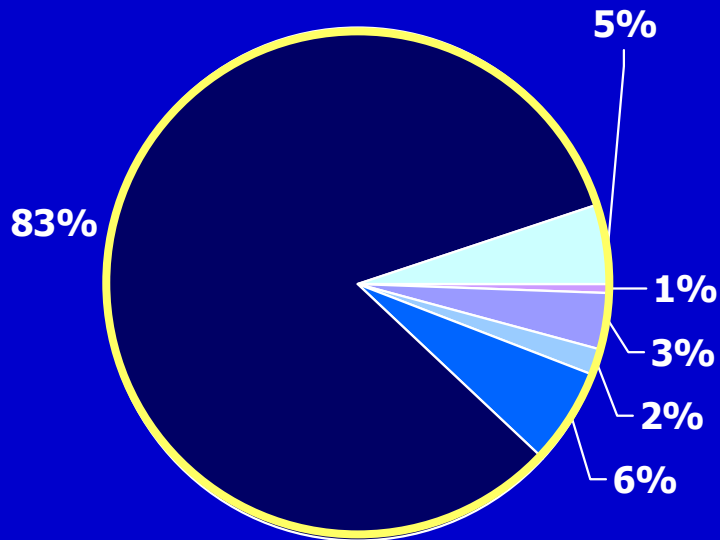
Total = \$38.9M

Figures presented in  
millions of dollars

# Asset Distribution (by County)

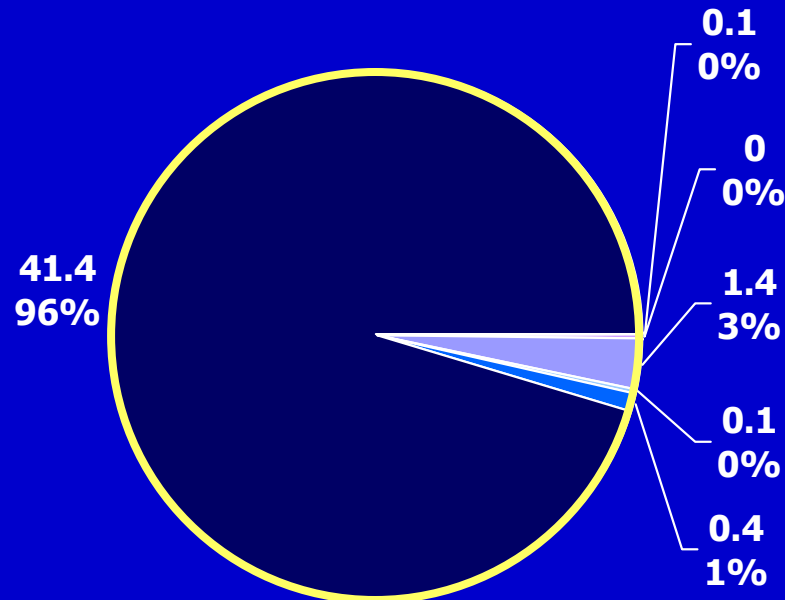
## 2004 v 2005 Recommended

2004

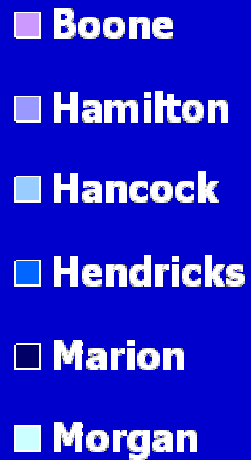


Total = \$35.2M

2005 Recommended

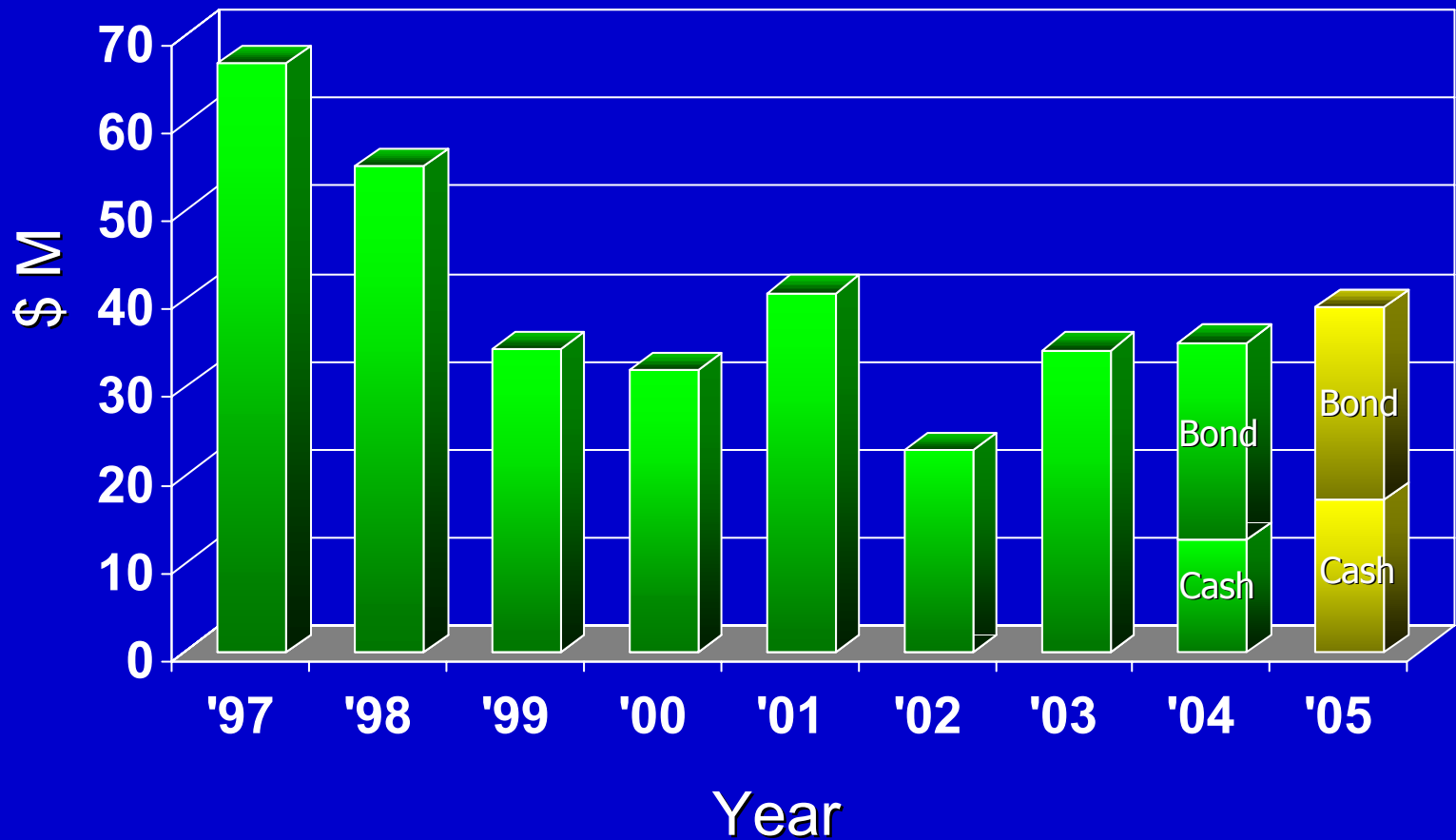


Total = \$38.9M



Figures presented in  
millions of dollars

# Capital Budget History



# 5-Year Funding (With New \$35M Bond)



# Budgeting Schedule

2004	May 31	VWI delivers five year plan to IW
		VWI & IW discuss and evaluate proposed projects
		IW staff reviews presentation material with VWI
	Aug	IW staff presents capital plan overview to VWI, SAB and to IW Board
		Receive and incorporate appropriate VWI, SAB and IW Board suggestions
		Review revised presentation with VWI and SAB
	Sep 23	IW presents recommended capital program for 2005
	Oct 28	IW adopts (or amends and adopts) 2005 capital plan
	Nov 18	IW passes 2005 budget including approved capital funds
	Dec 16	VWI prepares CPA's and IW Board approves projects commencing in 2005
2005	Jan 1	Commence authorized 2005 capital program activity

# Conclusions & Comment

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- Recommendations for 2005
- IW Staff invite your suggestions